



State of Rhode Island
Division of Public
Utilities & Carriers

To: Luly Massaro
Commission Clerk

From: Albert De Miranda, Rate Analyst

Date: May 21, 2018

Re: Narragansett Electric – Standard Offer Rate Filing: Docket 4692

Memorandum

This memorandum provides information from the Division of Public Utilities and Carriers to the Public Utilities Commission, as required by statute, in relation to the quarterly filing of Narragansett Electric Company's d/b/a National Grid ("National Grid" or "Company") proposal for standard offer service rates.

On April 16, 2018 National Grid filed with the Commission its proposal as:

Proposed Standard Offer Service Rates for the Industrial Group for the Months of July 2018 through September 2018 and the Results of Competitive Procurement for the Months of October 2018 through September 2019 for the Residential Group, for the Months of October 2018 through September 2019 for the Commercial Group, and for the Months of July 2018 through September 2018 for the Industrial Group. The proposal included a Request for Confidential Treatment of detailed bid results. The company submitted the confidential materials to the Division for staff review.

Included in the Company's filing are:

- A calculation of the Standard Offer Service ("SOS") retail rates for the Industrial Group for each month of the service period;
- A RIPUC Tariff No. 2096 Rate Summary, reflecting the proposed Industrial Group SOS rates for the period July 2018 through September 2018.
- A typical bill analysis for the SOS Industrial Customer Group.
- A copy of SOS Request for Proposals ("RFPs") to solicit SOS supply issued on March 9, 2018, for the period July 2018 through September 2018 for the Industrial Group, October 2018 through

September 2019 for the Commercial Group, and October 2018 through September 2019 for the Residential Group;

- A redacted summary of the procurement process, and;
- Redacted versions of the executed confidential Transaction Confirmations for the period July 2018 through September 2018 for the Industrial Group, October 2018 through September 2019 for the Commercial Group, and October 2018 through September 2019 for the Residential Group.

Un-redacted versions of the Procurement Summary and Transaction Confirmations have been supplied under separate cover.

Standard Offer Service Procurement Plan Analysis

Industrial Group: 100% of the load for **July 2018 through September 2018.**

Commercial Group: Procurements encompassing **October 2018 through September 2019.**

With this most recent solicitation for another 20% of the load requirements for the **October 2018 through March 2019** period, 70% of the load requirements for the Commercial Group for the October 2018 through March 2019 period have now been procured (15% in 1/17, 20% in 7/17, 15% in 1/18, and 20% in 4/18). For the October 2018 through March 2019 period, the Company will procure another 20% in the third quarter of 2018. Those procurements will total 90% for the October 2018 through March 2019 period, and the remaining 10% of the load will be purchased in the spot market per the approved plan.

Also, 20% of the Commercial Group's load requirements for the **April 2019 through September 2019** period have been procured in the April 2018 solicitation. With this most recent solicitation, 35% of the load requirements have been purchased for the April 2019 through September 2019 period (15% in 1/18, and 20% in 4/18). For the April 2019 through September 2019 period, the Company will procure another 20% in the third quarter of 2018, 20% in the fourth quarter of 2018, and 15% in the first quarter of 2019. Those procurements will total 90% for the April 2019 through September 2019 period, and 10% will be made in the spot market.

Residential Group: Procurements encompassing **October 2018 through September 2019**

With this most recent solicitation for another 20% of the load requirements for the **October 2018 through March 2019** period, 70% of the load requirements for the Residential Group for the October

2018 through March 2019 period have now been procured (15% in 1/17, 20% in 7/17, 15% in 1/18, and 20% in 4/18). For the October 2018 through March 2019 period, the Company will procure another 20% in the third quarter of 2018. Those procurements will total 90% for the October 2018 through March 2019 period, and the remaining 10% of the load will be purchased in the spot market per the approved plan.

Also, 20% of the Residential Group's load requirements for the **April 2019 through September 2019** period have been procured in the April 2018 solicitation. With this most recent solicitation, 35% of the load requirements have been purchased for the April 2019 through September 2019 period (15% in 1/18, and 20% in 4/18). For the April 2019 through September 2019 period, the Company will procure another 20% in the third quarter of 2018, 20% in the fourth quarter of 2018, and 15% in the first quarter of 2019. Those procurements will total 90% for the April 2019 through September 2019 period, and 10% will be made in the spot market.

Standard Offer Service Proposed Rates and Trends

Industrial Group Rates

The SOS rates proposed for the **Industrial Customer Group** for the July 2018 through September 2018 period, including the current per-kWh Standard Offer Adjustment Factor of (\$0.00830), the Administrative Cost Factor of \$0.00174, and the Renewable Energy Charge of \$0.00004 are:

- July 2018: \$0.07366/kWh.
- August 2018: \$0.07343/kWh.
- September 2018: \$0.06917/kWh.

The three-month average the proposed July 2018 through September 2018 Industrial Group SOS rate is \$0.07209/kWh, which is an increase from the April 2018 through June 2018 average of \$0.06028/kWh. In comparison, the same three-month period average was \$0.06293/kWh the previous year. Additionally, the Industrial SOS average rate was \$0.06373/kWh for the July through September period for the five years of 2013-2017.

Conclusion

Based on my review, the Division believes that the calculations for the proposed Standard Offer Service Rates for the Industrial Group are correct, and the filing is in compliance with the PUC-approved standard offer procurement plan as directed in Order number 22774 issued in the Standard Offer Procurement Plan, Docket 4692, written order dated May 12, 2017.